App. F. IX-4

Previous References
CS 17-29-1410

Later References
CS 17-29-13718.

1929. CS

File No. 17/29
Serial Nos. 11 to 14, 22

Preserve

General and Revenue Secretariat.

Serial Nos. 11 to 14, 22.

Part B for Oct. 1930

SUBJECT.

Mr. Mann Subedar's note of criticism on the Report claim for customs & its reply

---

To Mr. Mann Subedar, Bombay.
No. 1551 dy 30/10/30

Forwards a copy of the note by the Director of Statistics & Commerce which explains the procedure adopted in collecting the figures & states that it is regret had not the population basis in assessing the States' claims for customs.

Note 2 to
Shall be submitted
separately

App. F. III—2]

General and Revenue Secretariat

C/ File No. 17 of 1929

Serial No.	
11	To Mr. Manu Subedar D.O. 729 d. 13.8.30 Requests him to send his note as early as possible, as the Resy. are pressing for particulars in connection with the Round Table Conf.
12	From Mr. Manu Subedar letter d. 21.8.30 Invites Resy. to his letter d. 30.5.30 and states that only a mere statistical statement can be attempted now.
	1) The accompanying draft put up at my request by Mr N.S. Sathe Rao may be approved Joint Member Dewan 2 Minutes 29.8.30
	(3) 29-8-30
13	Do. No. 974 - Dated 30.8.1930 To Mr. Manu Subedar. Requests him to draw up a provisional Balance sheet of the Credits & Debits of the State, including therein Comparisons with one or two prominent Indian States also with a British Indian province

DEWAN'S OFFICE
29. AUG. 1930
879

OFFICE OF THE
28 AUG. 1930
1359.

NOTE:- Contn. Sheet

WD 02553—50,000—GPB—8-7-30

2

968

CS File No. 17 of 1929.

General and Revenue Secretariat

From Mr Manu Subedar
Letter dated 25-8-30.
Raises certain ~~fresh~~ points in ~~the~~ Connection with the question of Customs (in a note) and requests that the points ~~raised~~ by him may be met after Thoroughly going into them.
(4.) C/Secy desired in person that a Copy of the note may be given to Mr N.S. Subba Rao of the file sent un-officially to the Director of I&C for favour of opinion on the several points raised by Mr Manu Subedar. Subd
by. 5 Forwarded, with Compliments, 3/9 un-officially, to the Director of Industries and Commerce, for favour of furnishing the information on all the points raised in the note of Mr Manu Subedar. By order

Chief Secretary to Govt.

by

A Copy of the note may be given to Mr N.S. Subba Rao 3/9.

Eco No 20-30/CS.
By 3.9.930

Eco File No 574

5.15 pm 2nd 3/9

App. F. III—2]

General and Revenue Secretariat

(B) File No. 17 - S - of 1930.

Serial No.

No. N.C3.229/29
Dated. 2.10.30

(A) The covering letter & the explanatory note are not yet received, as promised by 2/10.30.)

Forwarded with compliments.-

(6) I have separately sent a revised statement giving particulars of the articles liable to - customs duty imported into the State during each of the three years ending with the year 1929-30.

The figures are taken from the statements forwarded once a quarter by the Agent, Madras and Southern - Mahratta Railway Co., under an agreement with the Department of Industries. These figures are extracted from the statistics obtained by the Railways and indicate the imports into the State from British India. Special arrangements have been made by the Railway Department from the year 1913-14 to collect the figures of the imports into and the Exports - from the State at three Railway Stations viz., -- Bisanatham on the Broad Gauge line between Bangalore and Jalappet, Doddakurugod between Bangalore and Guntakal and Harihar on the Poona line. The statistics furnished by the Railways do not particularise goods of foreign origin except in a few cases, such as Textiles, silks etc. The figures in regard to these ~~instances~~ goods are also not reliable, for piecegoods classed as "Indian" are made out of - foreign yarn which have paid Customs duty and piecegoods actually manufactured out of India may be -- classed as "Indian" if they are made up into parcels and imported into the State from an Indian Station.

(7) I beg to note below my remarks on the various points raised by Mr. Manu Subedar in his Note on

NOTE—Contn. Sheet.

WD 02553—GPB—50,000—8-7 30

768.

C.S. File No. 17. of 1929 | General and Revenue Secretariat

on "Mysore Claim" dated the 28th August 1930.

Para 1 - I have already stated above that goods of foreign origin are not separated from those of Indian origin. The statistics include all imports received into the State from the three Railway stations already referred to above.

Para 2 - The weights specified is the weight given in the Railway invoices and includes the weight of the containers. No deductions are made on account of packages or containers.

Para 3 - The Department of Industries has an elaborate arrangements for ascertaining the values of goods imported into the State. The values of raw materials and products of Indian origin are calculated on the basis of the week-ly prices current published by the Mysore Chamber of Commerce. Goods imported for the use of the Government Departments are valued from the information periodically supplied by Government Departments in regard to the weight and value of ~~their~~ such goods. In some instances the unit values adopted in the monthly and annual statements of the Sea-Borne Trade of the Government of India are included ~~where~~ where adequate information is not available in regard to local prices. I may state that the returns are prepared purely for statistical purposes with a view to ascertain as approximately as possible the annual value of the trade of the State.

Cs file no 17 2 29 (5

Case No.....of 192 ...

Notes.

-3-

Subject:— .....

.....

.....

The figures relating to "salt" are entirely omitted from the revised statement referred to above. The - imports of salt by rail form only a part of the total consumption of salt in the State as a good deal of - Salt comes by road.

The bulk of the "Kerosine Oil imported into the - State comes from Madras and Bombay, the chief import -ers being The Burma Shell Oil Storage & Distributing Co. The figures relating to Kerosine and petrol have been omitted in the revised statement and included - under articles subject to Excise.

Para 16 - I am of opinion that the duty on Arms and Ammunition may be excluded from the returns showing the amount of duty payable by the subjects of the - State.

Para 20 - I am of opinion that a large portion of - foreign piecegoods coming into the State is classed as Indian Piecegoods, as imports are received in small lots according to the requirements of local merchants and from wholesale dealers in British India. It is - probable that the comparative figures worked out on the basis of population are nearer the truth regarding the actual duty paid by the people of the State than those worked out on the basis of the Railway return for piecegoods classed under foreign piecegoods.

Para 21. The duty of Rs 81,543/- shown in the statement is correct as the value figures include the duty. The duty of 10 per cent is one-eleventh and not one-tenth of the total value of the goods shown in the statement.

WD 01711—GPB—4,000—27-4-29

CB file No 17 of 29

Case No..... of 192....

Notes.

Subject :— .....

.....4.....

.....

Para 23 - The observations made by Mr. Manu Subedar that the railway figures are lower than those calculat-ed on the basis of population, is correct. I cannot account for this discrepancy except by the statement that perhaps a part of the oilmanstores is classed - under "others" under the head of "Provisions". The - average value of such imports amounts to about Rs 2½ Lakhs. The duty levied thereon works out to about Rs 32,600/-.

Paras - 24 to 27 - As surmised by Mr. Manu Subedar the actuals are more than the figures indicated on the population basis owing to the presence of a large number of Europeans in the State.

Para 30 - This head not only includes drugs and -- medicines but also most chemicals not shown else-where.

Para 34 - The duty calculated on the basis of actuals under Glass and Earthenware is Rs 88,000/- as compared to Rs 64,000/- as based on the population basis. I do not think the discrepancy is very great. The - increase under actuals is explained by the existence of a large European elements in the State.

Para 34 - The duty calculated on paper obviously -- includes the imports of paper manufactured in India. A large part of paper consumed in the State is -- manufactured in India. As already pointed out by me goods on which duty has been paid such as foreign yarn comes into the State classed as Indian Piecegoods The figures shown in the Railway returns do not -- include all the goods coming into the State. No --

WD 01711—GPB—4,000—27-4-29

Subject :—.....

.....

.....

No account is taken of the dutiable articles received by post or as passengers' luggage such as Gold and - Silver Thread, Diamonds, ~~Precious Metals~~ etc. No attempt to assess the duty payable on these goods - has been made as accurate information of the value of these goods is not available.

(8) I may point out that figures relating to Burma are not excluded. These figures are taken from the Annual statement of Sea-Borne Trade published by the Government of India. The figures for Burma are in--cluded in the statement.

(9) It is not practicable to deduct the proportionate value of "refunds" and of "collection charges". The -- annual value of the refund in the Government of India for all duties, both imports and exports as well as Land Customs, amounts to about a Crore of Rupees. The Collection charges roughly amount to about Rs 80 Lakhs. I may state roughly that the import duties amount to about 5/6ths of the total duties collected in India.

(10) I give below all the figures required by Mr. Manu Subedar for the year 1927-28 -

Total import duty	4,046	Lakhs
Total export duty	605	"
Land Customs, Excise & Miscellaneous	267	"
	4,918	"
Deduct refunds	96	"
Total customs revenue	4,822	"
Collection charges	85	"
Net Customs	4,737	"

(Vide page 185 of the latest issue of the Statistical Abstract for British India)

WD 01711—GPB—4,000—27-4-29

Cotton No 17 of 29

Notes.

Case No..... of 192....

Subject :— .....

.....

.....

(11) All these figures are not available for the succeeding years 1928-29 and 29-30. I give below the total customs revenue on imports and the grand total of the customs revenue including export duty, land customs, Excise and Miscellaneous -

	1928 - 29 in Lakhs	1029--30 in Lakhs
Customs revenue on imports	Rs 4,092	Rs 50,17 ~~4,071~~
Total customs revenue	Rs ~~5,0~~17	5,202

A. Ranganatha Rao Sahib
Director of Industries.

1-10-1930
CRS-USC)

p. T. o

768

App. F. III—2]

General and Revenue Secretariat

File No. 17 of 1939.

Serial No.

S.

CHIEF SECRETARY. 5 OCT. 1930

(12) Subd with the un. offl. opinion of the Dir of I.C. for orders.

A copy of the letter to the Residency furnishing the imports into the State by rail (under issue) may be sent to him.

It is for orders whether the first of the date of the Directors of I&C. need be communicated to Mr Subedar.

5/10/30 Chief Secy.

(13) Yes pcm 6/10

Draft Subd by 18/10-30 Pf

(14) Please see my remarks on the first & last pages of the draft & put up a fair copy

pcm 21/10/30.

(15) Subd with a fair draft typed as revised.

Re the query on 1st page a copy of the Residency Communication to the Residency with the statements was sent to Mr M.S Subba Rao This was not sent to Mr Manu Subedar, as the explanatory letter (now put up) has also to accompany the same.

About the remarks Query on the last page, the file containing Sir Frederick Gauntlett's note

NOTE—Contn. Sheet.

WD 02553—G PB—50,000—8 7 30

is before Dewan & a comparative statement of these two sets of figures will be put up after its receipt.

(16) Join draft Subd.

21.10.30

(17) Subd with a draft reply to the Subedar for approval

29/10

Dewan)

DEWAN'S OFFICE 2062 28. OCT. 1930

CHIEF SECRETARY 21 OCT. 1930

(18) Noted 28 to 30

29/10

To

Mr Manu Subedar

Dated 17.5.1 D. 3.07.10.30

Forwards a copy of the note by the Director of C which explains the procedure adopted in working the figures as also that it is a request to adopt the population basis in assessing the State's claim in the Customs &c.

22

15

4611/C.B 17-29
Encl 4

(Camp) Mysore, 11th Jun 1930.

Dear Mr. Manu Subedar,

Re: the further information wanted by you, I am sending herewith the undermentioned papers for your reference and kind return:--

(1) Compilation of printed papers regarding the offer of the Mysore Govt. to maintain a corps of Imperial Service Troops, etc.

(2) Copy of a note prepared by the Comptroller in February 1928 giving figures in respect of the items of indirect taxation contributed by the subjects of Mysore State.

(3) Military Re-organization.

(4) State Administration Report for 1923-24 containing the Viceroy's Speech of November 1923.

2. The printed compilations supplied to you while you were here, contain additional information on the points under issue.

Re: 1.Mysore Subsidy,
2.Exemption from Customs Revenue.
3.Correspondence relating to the Indian Fiscal Commn.
4.Position of Indian States in the future Indian Polity,&c.

3. Information on the other points referred to in your note is being collected and will be sent on to you later.

Yours sincerely,

Manu Subedar, Esqr.,
Kodak House,
Hornby Road, Fort,
B o m b a y.

No 4862/C&S
Enc 4 (sent by regd post).

28th June 1930.

Dear Mr. Manu Subedar,

In continuation of my letter No. 4611/C.B. dated 11th instant, I send herewith the following papers:-

(1) A consolidated statement showing the indirect taxation contributed by Mysore in the shape of customs duties on various articles, in 1928-29.

(2) Statement regarding the amount of salt revenue (net) contributed by Mysore.

(3) Similar statement regarding the income from opium.

(4) A note indicating the basis on which the claim of Mysore for a portion of the profits on Currency and Coinage is preferred.

The information has been compiled by more than one agency and on more than one basis and somewhat in a hurry, which accounts for the discrepancy in some of the figures. I have no doubt, however, that you will be able to get them properly verified.

Yours sincerely,

To

Manu Subedar, Esq.,
Kodak House,
Fort,
Bombay.

Dear Mr. Manu Subedar,

In continuation of my letter No.4611/C.B dated 11th instant, I send herewith the following papers:-

(1) A consolidated statement showing the indirect taxation contributed by Mysore in the shape of customs duties on various articles, in 1928-29. ~~of the basis of actual imports according to Schedule of Railway rates~~

(2) Statement re: amount of salt revenue (net) contributed by Mysore.

(3) Similar statement re: income from ~~coinage etc.~~ Opium

(4) A note indicating the basis on which the claim of Mysore for a portion of the profits on Currency and Coinage is preferred.

The information has been completed by more than one agency & on more than one basis which accounts for the discrepancy in some of the figures ~~& immediate investigation requires~~

Yours sincerely,

Chief Secretary.

~~the Rao to be closely interpret~~ I have no doubt however that you will be able to get them properly explained

To

Manu Subedar, Esqr.,
Kodak House, Fort, Bombay.

729/C.B 17-29-11
Encl 13/8/30

Dear Mr. Subedar,

Please refer to correspondence ending with my D.O. letter No. 4863/C.B. dated the 28th June 1930 forwarding certain particulars required by you. We have not so far heard from you as to when your note may be expected.

I am enclosing herewith copies of two letters received from the Residency asking for some information in connection with the ensuing Round Table Conference. In view of this and other similar requests that may be received shortly there is urgent need for expediting the preparation of our case and Government will be glad if you will kindly send your note ~~immediately~~. as early as possible

Yours sincerely,

Manu Subedar, Esq.,

Kodak House,
Hornby Road,
Fort, Bombay.

Issued No 729/CB dt 13-8-30.
Issue
13/8
Issued No 729/CB dt 13-8-30.
Forwards copies of Resolutions passed & Requests him to send his note, as early as possible.
Resolutions
13/8/30
13/8

TELEGRAMS:-"PENLOCOTIV."
TELEPHONE:- 24667.

C.B. Register & put up immediately for notice a reply. mw 24/8

KODAK HOUSE,
HORNBY ROAD, FORT,
BOMBAY, 21st August 1930

CB. 670

CB 17-29-12

My dear Mr. Madhava Rau,

I acknowledge your letter of 13th inst which has been chasing me between Bombay and Poona, where I am working on the Central Banking Committee.

Re the case being finally prepared, I would invite reference to my letter dated 30th May to the Dewan Saheb and would say that in the absence of the Terms of Reference and questionaire or an indication of Imperial obligations and counterclaim, all that can be usefully done now is a statistical statement. What I mean is that there could be no arguments. The British Indian Government have not yet taken up a position, that Mysore can assail and pull down. With regard to arguments merely supporting a claim, there are no standards to go upon. Mysore can take a position either on a par with other States or with British Provinces or by itself without any reference to other people. None of these positions could be taken up without making ~~admissions~~ commitments, which would be difficult to come out of.

The request of the Residency is for statistics. I believe this will go to the Statistics Committee recently appointed. The Statistics supplied by you will be as you have them in your official publications without comments or editing

If you desire a preliminary statement of the heads of debits and credits, I shall try to send it soon by the 1st week of September. If Mysore Government would like to give me some indication of

KODAK NOTICE
HORNBY ROAD, FORT.
BOMBAY 21st June 1920

My dear Mr. Prabhu Das,

I acknowledge your letter of 18th which has been causing me between Bombay & Poona, where I am working on the Central Banking Committee.

Re the case being finally replaced, I would invite to my letter dated 30th May to the Secretary and would beg that in the absence of the Terms of Reference and questionnaire or an indication of important subjects and considerations, all that can be usefully done now is a skeletal statement. What I mean is that there could be arguments. The British Indian Government have not yet taken up a position, that Mysore can accept and Hyderabad can reject. Note regard to arguments usually subjecting a claim, there are no standards to go upon. Mysore can take a position which either states or rests British Interests or by literally waiving any reference to other principles. None of these positions could be taken up without making ~~[illegible]~~ commitments, which would be difficult to come out of.

The argument of the Resident's statistics. I believe this will go to the Statistics Committee to be fully explained. Statistics supplied by me will be as per [illegible] in Mysore official publications without comment & relating

If you desire a preliminary statement of the heads of discussion, I shall try to send it down by the 1st week of July. Mysore Government would like to give as some indication

TELEGRAMS:-"PENLOCOTIV."
TELEPHONE:- 24667.

KODAK HOUSE,
HORNBY ROAD, FORT,
BOMBAY.....19

their preference with reference to difficulties stated in para. 2 of this letter, I shall be much obliged.

Yours Sincerely,
Mann Subedar

924/C.B 17-29-13 ₹ 3578/30

Dear Mr. Subedar

I am much obliged for your letter. I agree that it is not advisable for the State to take up any position which would mean commitments, out of which we could not come out with grace or ease. It would be a great help, however, in assisting us in making up our mind as to the position we should take up, if you will kindly draw up a provisional balance sheet of the credits and debits of the State - not ~~merely~~ of ~~of~~ the heads, but also of approximate amounts in each case. (Kindly also include in your note

(1) Comparisons with one or two prominent Indian States like Hyderabad and Kashmir, with notes explaining large or appreciable differences, if any.

(2) A comparison with a British Indian Province.)

The balance sheet may be prepared on what you would yourself consider a fair and acceptable basis

Yours sincerely,

28/8.

30th Aug. 1930.

Immediate.

924/C.B.

Dear Mr. Subedar,

I am much obliged for your letter. I agree that it is not advisable for the State to take up any position which would mean commitments, out of which we could not come out with grace or ease. It would be a great help, however, in assisting us in making up our mind as to the position we should take up, if you will kindly draw up a provisional balance sheet of the credits and debits of the State in this connection - not merely of the heads only, but also of approximate amounts in each case. The balance sheet may be prepared on what you would yourself consider a fair and acceptable basis.

Yours sincerely,

Manu Subedar, Esqr.,
Kodak House,
Hornby Road, Fort,
B o m b a y.

No. 33-SPECIAL.

GOVERNMENT OF INDIA.

FOREIGN AND POLITICAL DEPARTMENT.

RESOLUTION.

Simla, the 14th August 1930.

In connection with the discussions which are expected to take place at the forthcoming Indian Round Table Conference in London regarding the future economic and financial relations between British India and Indian States, the Governor General in Council has been pleased to appoint a small Committee under the administrative control of the Foreign and Political Department consisting of the following gentlemen :—

1. Mr. W. W. Nind (Collector of Customs, Rangoon)—*Chairman.*
2. Mr. V. Narahari Rao, M.A., Under Secretary, Government of India, Foreign and Political Department.
3. Professor S. P. Bhargava, M.A., F.S.S., Member representing the Special Organization of the Chamber of Princes.

Mr. V. Narahari Rao, in addition to his duties as a Member, will also act as Secretary of this " Special Committee ".

2. The object of the Committee will be to collect facts and statistics which should be helpful in determining :—

(*i*) *Credits*, that is, the value of any direct or indirect contributions made by the Indian States to Imperial resources, and

(*ii*) *Debits*, that is, the assessment of what their proportionate contribution for Imperial burdens should be.

The Committee is not required to determine questions of principle or to prepare balance sheets for all or any States.

3. To take debits first, the Committee is being supplied with a list of items of Central expenditure classified as Imperial burdens. The list is provisional and additions may be made thereto at the discretion of the Government of India. The question of the ultimate inclusion of any such items would, however, be a matter of principle outside the functions of the Committee.

4. It will be the duty of the Committee to collect figures showing the average annual expenditure of the Government of India in respect of each item on the provisional list of Imperial burdens. In working out the averages, the Committee should take, as far as possible, the actual figures available for three years and the revised and budget estimates for the remaining two.

5. On the credit side, the Committee will be concerned mainly with Customs, Salt, Excises, Tributes, Ceded Territories and Indian States Forces :—

(*a*) *Customs.*—The main object of the Committee will be to collect statistics to facilitate the comparison of scales of consumption of imported dutiable goods in British India and the States, respectively.

(*b*) *Excises.*—Similar calculations will be required to determine the contributions of States on account of excisable commodities both Imperial (such as petrol and kerosene) and Provincial (such as hemp drugs).

(*c*) *Salt.*—The Committee will estimate the amounts accruing to Imperial revenues from the consumption of taxed salt in Indian States. The computations will be made on the assumption that existing salt agreements are to continue in force.

(*d*) *Tributes.*—It will be necessary to compile a detailed statement of all payments under this head in so far as they are available for Central expenditure in general. Payments earmarked for special or local purposes particularly beneficial to the States concerned should be separately listed.

(*e*) *Ceded Territories.*—This item is of great importance and will need the special attention of the Committee. A schedule of all areas ceded by States in the past, either for the upkeep of a subsidiary force or by way of commutation for protection, will be furnished to the Committee by the Foreign and Political Department. It will be necessary for the Committee to attempt to compute the net value of the ceded territories at the present time, that is, the surplus available after all expenses of the administration, including proportionate contribution to overhead administrative charges, have been met. The Committee will no doubt take into account the allowance to be made for overhead charges in consideration of the amount of supervisory work which these territories entail. The bases of population or of area would not in themselves be a sufficient criterion. The Committee will also make a separate calculation of the contributions from ceded territories to Central revenues under such heads as Income-tax, Salt, Customs, etc.

It will also be necessary to compile figures showing how far the value of these territories has risen in consequence of works such as irrigation works carried out by the Government subsequent to the cession; and also amounts of expenditure incurred under such items as famine relief, etc.

(*f*) *Indian States Forces.*—The Committee should ascertain the actual cost of units maintained under the Reorganisation scheme including a fair amount of overhead charges on account of the staff, maintenance of barracks, etc. Separate lists should be made for (*a*) units which are expected to be at the disposal of the Imperial Government for external defence, and (*b*) units earmarked for internal security.

Efforts should also be made to collect the figures showing the total Army expenditure of all States.

6. It will be unnecessary for the Committee to attempt to collect material in connection with—

(*a*) currency profits,

(*b*) railway profits, or

(*c*) Posts and Telegraph profits.

These questions will be dealt with as urgently as possible by the Departments of the Government of India concerned.

7. As the figures of the forthcoming Census will not be available before the Indian Round Table Conference, it is considered desirable that the Committee should indicate the kind of figures which are likely to be required for the purpose of financial settlement with the States, so that these may, if possible, be supplied at an early date by the Census Commissioner in advance of the general compilation of the Census.

8. The Committee will endeavour to complete its work, as far as possible, by the end of September 1930, and it is accordingly requested that Local Governments and Administrations will be good enough to afford promptly all reasonable assistance to the Committee.

H. WILBERFORCE-BELL,

Political Secretary to the Government of India.

Order.—Ordered that copies of the above Resolution be forwarded to all Local Governments and Administrations, the Hon'ble the Residents at Hyderabad and Mysore, the Hon'ble the Agents to the Governor General in the States of Western India, Central India and Rajputana, the Hon'ble the Agent to the Governor-General, Punjab States, the Residents at Baroda, in Kashmir and at Gwalior, the Political Officer in Sikkim and the Agent to the Governor General, Madras States, for information and favour of communication to such Darbars as are likely to be interested.

His Exalted Highness the Nizam's Government.
the Mysore Darbar.
the Baroda Darbar.
the Kashmir Darbar.
the Gwalior Darbar.
the Sikkim Darbar.

Ordered also that copies be forwarded to all Departments of the Government of India and the Military Adviser-in-Chief, Indian States Forces, for information.

M418FD—400—14-8-30—GIPS

TELEGRAMS:-"PENLOCOTIV."
TELEPHONE:- 24667.

KODAK HOUSE,
HORNBY ROAD, FORT,
BOMBAY, 28th August 19 30.

CB 17-9-14 C.B. 768.

My dear Madhava Rau,

In view of the urgency of your last letter, instead of waiting for further indication from you, as requested in my last letter to you, I have addressed yesterday a general note to the Dewansaheb, setting out the preliminaries in a useful form for any general discussion, which might take place immediately either amongst the representatives of the Princes, or amongst the Delegates generally at the Round Table Conference I trust the First Member, who will act as Dewan, and with whom I shall communicate after Sir Mirza goes to Europe, will have seen this note, and if there are any points arising out of it, which he would like me to deal with, please let me know.

With regard to the various heads of the Claim, I propose to deal in the first instance with the question of Customs in the accompanying note. I shall be much obliged if the Finance Member and yourself will thoroughly go into it and meet the points raised by me. I trust the Dewansaheb and the First Member will notice that, instead of Rs.80 lakhs, which was in round figures indicated as the Customs Claim in one of the official notes, the claim now comes to be about Rs.65 lakhs and would be very much lower by the time full allowance is made for all the objections noted.

I am sorry that I am a pessimist by nature, but I think it is much better for Mysore to put figures in a manner

so that no part of them could be seriously challenged.

Yours sincerely,

Mann Subedar

N. Madhava Rau, Esq.,
Chief Secretary to Mysore Government,
Bangalore.

Encl.

ed

Note on Mysore Claim

I Customs

I have before me a note sent with the letter of the Chief Secretary, dated 20th June 1930, and another with his letter dated 15th July 1930. With regard to the first, if I recollect right, he said that it was the custom in Mysore to maintain trade stastics from the Railway Administration. The points, which I would like to know, are:-

(i) Whether the figures of the imports in the State, as they have been given in the Statement, are imports of foreign and dutiable goods only, or, whether they include goods of Indian origin, and whether such statistics are carefully separated. If goods of Indian origin are also included in these statistics, they would be absolutely misleading for the purposes, which we had in mind. If separate ~~articles~~ particulars are maintained for the goods of Indian origin, please let me have the statistics, giving a statement in the order of the Tariff Schedule, distinguishing goods, which are dutiable under the Tariff Schedule and which are of Indian origin.

(ii) Whether the weight, which is given, is the weight of the article without the container, or with the container. In the matter of railways, as you know, the weight, on which the railway charges, is the full weight, and in some cases this would seriously vitiate the final figures and make them unacceptable.

(iii) I should like to know how the value column has been made up. Is it from an invoice accompanying a railway receipt? I am not aware of this being a general practice, as invoice and other documents are all invariably posted afterwards, and unless there is some definite effort to receive accurate figures, the ~~value of~~ figures are likely to be out. Even if they are from actual invoices accompanying the documents, it would be important to ascertain whether they include the freight handling and agency charges from the port to the Mysore destination, as it will not be right to add to the value of the goods imported these charges, on which no customs is collected by British authorities at the port. If, on the other hand, these values are merely calculated from some kind of Schedule of values, please let me know in what way these figures are reached.

With regard to these figures, I would draw your attention to Item 6, viz. Salt. If this duty is calculated in the Customs under the head of Customs, it would not be possible for the claim of Salt on the basis of population and consumption as it has been done, as it would involve counting the item over twice. Please let me know whether this is so, and an allowance is to be made under the head of Salt on this account, or whether the Mysore Government prefer in their calculations to remove Salt altogether from the head of Customs and to deal with the question of Salt under the separate head. A clear direction under this head is required inasmuchas the actual figure payable on the trade imports is put down at Rs.11,13,000, whereas what would be justified on the basis of population under the head of Customs, is only Rs.4 lakhs. This is a very wide discrepancy and would be challenged at once.

With regard to items 11 & 12, viz. Kerosene, it would be important to ascertain whether the bulk of the imports in Mysore are from abroad or from Burma, as the scale of import duty and the excise charge on Burma are not the same. The import duty is higher and if the Customs on the entire quantities used by Mysore is to be

indicated on the higher scale, it must be quite clear that the produce of Burma does not reach Mysore. I am, however inclined to think that it would not be so, particularly in respect of quantities received from the Madras port. Please enquire and let me know.

In the matter of item 16, Arms & Ammunition, the Chief Secretary's official note says that the bulk of these imports might be counted for by the presence of the British army in the Cantonment. By the Treaty, Mysore cannot charge anything in respect of the use of these materials. It would not be, therefore, fair and proper to include this heavy item of Rs.2,26,501 in the claim under Customs.

Item 20, Cotton Piecegoods: The discrepancy between the duty on the population basis and the actual is so great that, in spite of the compensatory value of the extra per yarn, it needs some further explanation. Either the use per head in Mysore of cloth must be very much less than elsewhere, or there is something wrong with the figures. It is possible that during that particular year, the import of cloth in Mysore may be particularly low, in which case please have the figures for three more years worked up for this particular item.

Item No.21: I cannot understand the duties

put down at Rs.81,543/- being 10 per cent. of Rs.~~80,69~~ 8,96,969/-, which is the value. · Nor can I understand why Mysore should take double the quantity, which it would on the basis of population, unless during this particular year there were heavy purchases on account of the Mysore State Railway, in which case it would be desirable to have a ten-year statement of this particular head prepared in order to get the corrected average figure.

Item No.22: Here again Mysore's actuals is more than double of the consumption in British India, of dry fruits and nuts. Is it possible then that here is an item, in which the imports are not of foreign goods, on which the duty is collected at British ports, but of Indian goods? In any case, packing, transport, agency and other charges in the case of such an article would be considerable. From this point of view I would expect to see a much larger difference in the final total for all articles than appears in the statement.

In the matter of Item 23,(Oilmans Stores), the actuals are very much lower, being only about 40 per cent. of what would be justified on population basis. In view of the large population in Mysore cantonments,in Bangalore, in connection with the gold mines and the plantations of Europeans, there seems to be some doubt about this figure in my mind, unless there are land

routes, by which this class of goods is brought in or by post parcels and passengers luggage and other methods, which would not come in the declaration of railway goods.

Under the four heads, viz. 24, 25, 26 and 27, the actuals are very much more than are indicated in the calculation on the population basis. This may be due to the presence of more Europeans, or to the value being inflated by freight and agency.

Item No.30 is the one, which has puzzled me a good deal, as Mysore is claiming over 10 per cent. of the entire total in British India in respect of cynide, drugs and medicines. Cynide is explained in respect of the gold mines, but the consumption of drugs and medicine in Mysore could not possibly be on the scale indicated, viz. one-tenth of the total, whereas the population is less than one-fiftieth. As the amount runs into a few lakhs of rupees, please get further details of how this amount is made up and of the accounts for it, in order to be sure that there is no mistake.

(over 5 lacs)

Items 33 & 34 are much in excess of what would be justified on the population basis. There does not appear to be any reason why Mysore should consume more of glass and earthenware and of paper, pasteboard and stationery, than the rest of India. The inflation must

be obviously due in the case of glass to freight, insurance, transport, agency and other charges.

General:- The discrepancy might arise from the fact that the census figures are for 1921, whereas the trade figures are for 1928-29. I should like to have the opinion of the Census Commissioner of Mysore as to whether he thinks that on the whole the population has gone down, or gone up, or whether the variation will be heavy showing an increase.

I have already indicated that the figures of goods made in India and goods from abroad must have been mixed up, and I am strengthened in this apprehension by the note, which the Chief Secretary's office has made against Item No.48. In the matter of Item 34, such as paper, I would like to know whether paper produced by the Titaghur Mills is coming in, say for State requirements, and whether it is carefully sifted and that figure omitted from the statement supplied.

With regard to the claim on Customs, the difficulty in going on actual figures of importation would be that material, which has paid customs duty at British ports is then manufactured, altered, re-graded, sifted and packed separately under a new designation. Thus, in the matter of utensils of all kinds, of aluminium, brass, etc., it is not unlikely that these are

put in the Mysore statistics as utensils, but have paid dutyxx as unwrought sheets. Even if, therefore, the State had a proper system of collecting statistics at their railways (which very few States have), the figures secured would not be necessarily conclusive, but would have only an indicative value. It would not be possible, except by efforts of a few years at a stretch, to get a declaration with the railway receipt that the materials used in the articles imported were foreign, but the article was made in India.

Another important factor to consider in the customs statistics, would be, whether there is in vogue for Mysore citizens going in to the main ports and making their purchases there and bringing them over by way of personal luggage, or order material from firms at main ports and get it in as post parcels unclassified. When no duty is collected, naturally no steps are taken to keep statistics of this kind. But, if in the opinion of the Chief Secretary's office, there would be an appreciable amount of this traffic, a lump sum might be added to the figures under the head of Customs.

In the statement, which I have dealt with, the figures of Customs have been taken at the gross receipts at British ports, no allowance having been made for the cost of collection. Therefore, an explanation

is required as in the case of drugs and medicines the argument becomes much more pointed.

With regard to the Statement No.2 sent with the letter of the Chief Secretary, dated 15th of July 1930, which works out figures of customs payable to Mysore on the basis of population, after making allowance for cost of collection, I should like to know why the Chief Secretary's office has excluded Burma. In all calculations at present, Burma being an administrative part of India, it would not be correct to exclude Burma. I should also like to know why the figures for 1928-29 have not been included. It is more important that this year be adopted for both the statement of Customs collection on the figures of trade and Customs collection on the figures of population, so as to reach some kind of uniformity.

I regret to have to give more work to the Chief Secretary's office, but I should like the calculations of 1928-29 to be made on the following basis:

Total customs, India and Burma Rs.
Less Export Duty
" Charges

Total Customs, India & Burma.

Before this figure can be finally accepted, allowance would have to be made for two factors, viz. Customs receipts at ports of Indian States ("Plus"), and drawback and allowances ~~to be~~ given on re-exports ("Minus").

There would be a small 'plus' factor in the matter of pearls diamonds and jewellery (both real and fake); these articles move from ports in post parcels or by hand. Have the Post office got any particulars. In any case please get particulars of registered and insured parcels.

28/8/30

Mann Subedar

Telegrams:—"PENLOCOTIV"
Telephone: 24667.

KODAK HOUSE.
HORNBY ROAD, FORT,

BOMBAY, 27th August 1930

Mr. Manu Subedar requests that the accompanying statement be attached to the note by the Dewansaheb.

Name.	Population.	Revenue.	Revenue per head	Tribute & Contributi Rs.
Hyderabad	12,453,627	Rs.5,00,14,318	Rs. 4. 0. 3	
Mysore	5,589,952	3,12,05,389	5. 7.11	24,00,000
Baroda	2,121,875	2,12,59,229	10. 0. 0	4,03,438
Gwalior	3,195,476	2,10,00,000	6. 0.11	
Travancore	4,006,062	1,90,66,200	4.12. 2	7,96,430
Kashmir	3,322,030	1,84,87,907	5. 9. 1	
Patiala	1,499,739	1,35,52,622	9. 0. 7	
Jodhpur	1,841642	1,20,31,006	6. 8. 6	2,13,000
Indore	1,151,600	1,13,81,600	9.14.2	5,945
Kolhapur	833,726	87,66,290	10. 8. 3	
Jaipur	2,329,987	83,26,000	3. 9. 2	4,00,000
Bikaner	659,685	80,36,916	12. 2.10	
Bhopal	692,448	62,10,000	9. 4. 1	1,61,290
Rampur	453,607	60,00,000	13. 3. 8	
Cochin	979,019	55,46,463	5.10. 7	2,00,089
Udaipur(Mewar)	1,380,063	51,00,000	3.11. 2	2,00,000
Kotah	630,060	47,57,681	7. 8.10	4,34,720
Bahawalpur	781,191	42,58,333	5. 7. 3	
Bhavanagar	426,404	70,74,629	16. 7.10	These 3 States together with other States Kathiawar pay tribute of Rs. 6,81,172.
Nawanagar	345,353	58,56,650	16.15. 4	
Junagadh	465,493	51,40,971	11. 0.10	

Sl. No	Description of Articles	Rate of duty per unit	Duty Advalm: or Tar: value	Ry: Mds	Imports into the State in 1928-29 Equivalent of units on which duty is calcd:	Value
	part 1 free of duty					Rs
	part 11 Non protective duty at special rates,					
1	Fish	82 2/7 lbs	e- 7- 6 advalm	13,385	Mds 13,385	3,34,625
2	Ale and Beer	Impl Gal	e- 8- e ..	2e,63?	Gall,1,65,3e4	4,13,260
3	Wines	do	9- e- o ..	1,112½	.. 556	89,000
4	Spirits	do	15% ..	7,787½	.. 70,083	4,45,000
5	Sugar refined	Cwt	4- 8- 0 ,,	2,11,465	Cwt 1,55,362	24,32,040
6	Salt (Excise)	82 2/7 lbs	1- 4- 0 ..	8,91,046	Mds 8,91,046	24,09,044
7	Tobacco	lbs	1-8-0 ,,	1,49,552	lbs 123,05993	70,70,845
8	Cheroots	lbs	75% ..	1,337		1,17,656
9	Cigarettes per 1000		7-0-0 ,,	3,569	ns 3,56,90,000	2,71,244
10	Tin unwrought	ton	250 -0-0 ,,	20,786	Tons 763	2,49,432
11	Kerosine oil in tins	I.G.	0- 2-6 ,,	3,83,394	Gal, 40,89,536	32,54,673
12	do in bulk	I,G,	0- 2-6 ,,	2,17,537	,, 24,86,137	15,39,276
13	Liquid fuel in tins	7½ %	,,	12,003		1,29,782
14	do in bulk	7½%	,,	12,497		1,31,218
15	Lubricating Oil	I,G,	0-1-4 ,,	28,352	,, 1,98,464	4,67,80
16	Arms And Ammunition		30 % ,,	6,769		9,81,50
17	Motor cars, cycles &c		20 % ,,	no, 327		7,35,75
18	Artificial silk yarns and thread	Kgs	7½ % ,,	1,364		3,23,55
19	Cotton twist and yarns European		5 % ,,	13,065		13,10,
		per lb. 0-1-3	whichever is higher		or lbs. 10,7[illegible],709	
20	cotton piece goods.		11 % ,,	16,926		27,62,
	part 111. Duty at 2½ % advalorem .			Nil.		

Total duty payable on Mysore trade	Total amount of customs collected in british India in 1928-29.	Proportionate duty paid by Mysore on the basis of populn.	Remarks.
Rs.	Rs.	Rs.	
6,274	77,267	1,545	
82,652	21,97,778	43,955	
5,004	15,10,701	30,214	$\frac{1}{8}$ = tonnes $\frac{7}{8}$ = spirits $\frac{1}{8}$ mds = 2 bottles @ Rs 5/- each, $\frac{7}{8}$ md = 8 gallons = 48 bottles = 50 Rupees
58,043	2,14,89,532	4,29,790	
6,99,129	7,75,69,409	15,51,388	
11,13 807	2,02,28,719	4,04,574	
"	1,04,02,152	2,08,043	Tobacco imported is mainly is for the use of the Imperial Tobacco Company
50,424	1,41,384	2,827	
2,49,830	1,47,31,652	2,94,633	
1,90,750	6,14,565	12,291	
6,39,000 3,88,459	1,63,02,591	3,26,052	
9,054 9,155	14,02,494	28,050	
16,539	16,49,515	32,990	
2,26,681	6,11,693	12,233	A large of the import is probably due to the presence of the British army in the C & M station.
1,22,628	1,02,14,319	2,04,286	
22,574	10,43,402	20,568	
62,408	45,80,346	91,607	
or 1,00,941			
2,73,738	6,04,48,757	12,08,975	The duty paid is lower in proportion to the calculation based on population due to the consumption of local production

	part lv . Duty at 10 % advalorem.						
21	Materials for Railway constn. ..	10 %	Advalorem	1,37,593	..	8,96, 969
22	Dried fruits and nuts ..	15 %	,,	17,608	..	10,56,480
23	Oilmans Stores ..	15 %	..	10,413	..	6,76,845
24	Boots& shoes ..	do	..	769	..	76,900
25	Haberdashery & Millinery ..	do	..	910	..	1,66,530
26	Hats, Caps & bonnets &c ..	do	,,	468	..	93,600
27	Other articles under apparel ..	do	,,	4,470	,,	5,36,400
28	Explosives ,,	do	,,	9,196	,,	7, 56,072
29	Cyanids. ,,	do	,,	18,319	,,	8,60,993
30	Drugs & Medicines,	do	,,	27,962	,,	40,12,647
31	Scientific Instts	do	,,	354	,,	83,898
32	Paints &colours	do	,,	8,667	,,	3,08,221
33	Glass & Earthenware	do	,,	34,047	,,	6,80,940
34	Paper,paste board & Stationery	do	,,	87,428	,,	13,87,919
35	Silk twist.	do	,,	26	,,	20,800
36	Candles.	do	,,	4,912	,,	1,57,184
37	Soap per cwt advalorem.	do	17-0-0 Tariff Value.	12,833	Cwts9,428 Rs 1,60,276	3,28,846 atRs17/-percwt
38	Woollen Yarn Goods	15%	adv	4,200	,,	5,67,450
39	Bicycles & parts	do	do	7,223	,,	6,50,070
40	Copper unwrought	do	do	7,459	,,	3,77,327
41	Brass unwrought.	do	do	9,279	,,	3,91,513
42	Metcury.	do	do	30	,,	10,530
43	Lead	do	do	15,680	,,	1,96,000
44	aluminium unwrought.	do	do	853	,,	24,896
45	Zinc.	do	do	3,545	,,	42,761
	part vl. Duty at 30 Per cent advaloem					
46	Clocks & Watches	30 %	do	193	,,	38,600
47	Glas bangles.	do	do	5,721	,,	2,86,050
	part Vll. Duty at Special Protective Rates					
48	Matches 1/6 of the imports is from	Per gross less			Grosa.	
49	foreign countries	1-8-0	,,	29,843	8,50,525	7,53,298
	Wrought Iron & Steel	17%	adv	4,35,662		37,95,371
					Grand Total.	

N.B. Total amount of customs collected in British India in 1928-29 is Rs 42,94,35,175.

1/20 of this amount is Rs 85,86,703

61,543	20,16,217	40,324	
1,37,801	26,03,000	52,060	
88,284	92,03,270	1,84,065	
10,030			
21,721	35,33,630	70,676	
22,209			
69,965			
* 98,357	3,67,102	7,342	*: There is comparatively large imports of Explosives due to the working of Gold mines.
1,12,303 (A)			
5,23,375	62,77,160	1,25,543	(A) Import of Cyanide for use in the Kolar mines.
~~5,23,375~~			
10,943	51,66,558	1,03,331	
40,203	26,10,420	52,208	
88,800	32,00,844	64,017	
1,81,033	54,45,698	1,08,914	
2,713	12,60,456	25,209	
20,502 (B)	30,905	618	A large import of candles into my area is chiefly for the use of Gold mines.
24,030	23,45,969	46,919	
74,016	62,67,085	125,341	
84,791	56,35,300	1,12,706	
49,216	15,25,592	30,520	
61,067	24,15,919	48,318	
1,384	1,37,599	2,752	
25,565			
3,247	37,97,724	75,954	
5,577			
8,907	8,10,830	16,216	
66,012	28,81,081	57,621	
1,59,472	24,21,564	48,431	It is not possible to state what part of the exports into the State come from outside India.
5,61,464	2,62,45,038	5,24,900	
68,69,019	34,14,15,446	68,28,306	

My dear Subedar,

On receipt of your letter of the 28th August 1930 enclosing a note of your criticisms on the Mysore claim for customs, we thought it best to refer the several points to the Director of Industries and Commerce, he being the officer who compiles the statistics of rail-borne trade for the State. I am enclosing herewith a copy of his notes which will explain the procedure followed in collecting these figures. They are of course compiled purely for statistical purposes and as you rightly observe, they can have only a an indicative value.

In assessing the State's claim for customs, the safest basis to proceed upon is that of population as pointed out in my letter No. 1288/C.B. 7-29-18 dated 27th Sep. 30. We notice that you have also adopted this basis, ~~exclusively~~, in your latest calculation (vide your letter dated 24-10-1930). The statistics of rail-borne trade cannot ~~from the nature of the case~~ be a record of the whole of the import trade of Mysore. and ~~they~~ can only ~~be used as a partial confirmation of the claim as worked out on a population basis.~~ have an indicative value, as you rightly observe in one of your letters.

Yours sincerely,

Chief Secretary to Govt.

To
Manu Subedar Esq.,
Kodak House, Fort, Bombay.

B.E.M.

29/10/30

1251 | 1931

CB 11-29-22

29th October 1930
30

My dear Subedar,

On receipt of your letter of the 28th August 1930 enclosing a note of your criticisms on the Mysore claim for customs, we thought it best to refer the several points to the Director of Industries and Commerce, be being the officer who compiles the statistics of rail-borne trade for the State. I am enclosing herewith a copy of his notes which will explain the procedure followed in collecting these figures.

In assessing the State's claim for customs, the safest basis to proceed upon is that of population as pointed out in my letter No.1288/C.B.7-29-18 dated 27th September 1930. We notice that you have also adopted this basis, in your latest calculations (vide your letter dated 24th October 1930). The statistics of railborne trade cannot be a record of the whole of the import trade of Mysore and can only have an indicative value, as you rightly observe in one of your letters.

Yours sincerely,

MGN

To

Manu Subedar Esq.,

Kodak House, Fort, Bombay.